GOVERNMENT OF INDIA
SMALL SCALE INDUSTRIES AND RURAL AND AGRO INDUSTR
LOK SABHA

UNSTARRED QUESTION NO:4690
ANSWERED ON:18.04.2001
SICKNESS IN SSI
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Will the Minister of SMALL SCALE INDUSTRIES AND RURAL AND AGRO INDUSTR be pleased to state:

(a) whether there has been a sharp increase in sickness in the small scale sector during the nineties;

(b) if so, the annual increase in sick industries during the above period;

(c) whether the Government have conducted any fresh survey in this regard;

(d) if so, findings thereof; and

(e) the preventive measures taken in this regard?

Answer

THE MINISTER OF STATE (INDEPENDENT CHARGE) IN THE MINISTRY OF SMALL SCALE INDUSTRIES AND AGF RURAL INDUSTRIES (SMT. VASUNDHARA RAJE)

(a) & (b): The Reserve Bank of India (RBI) regularly compiles data on sickness in the small scale industrial sector. The number of sick small scale industries as per RBI data and annual increase/decrease in sickness during nineties is as under:

As at the end of March	Total no. of sick Small Scale Units in SSI sector	Percentage annual increase/decrease over previous year of sickness in SSI sector
1991	221472	1.21
1992	245575	10.88
1993	238176	(-)3.01
1994	256452	7.67
1995	268815	4.82
1996	262376	(-)2.40
1997	235032	(-)10.42
1998	221536	(-)5.74
1999	306221	38.23
2000	304235	(-)0.65

(-) Shows decrease in sickness over previous year.

(c) & (d): There has been no fresh survey on sickness in SSI sector. However, according to the RBI, the reasons for sickness in SSI units are manifold. These are poor management, delayed implementation of project, diversion of funds, non-availability of raw materials, erratic power supply, marketing difficulties, labour problems, high rates of taxes, inability of the units to face growing competition due to liberalisation and globalisation, poor and obsolete technology, change in Government policies, etc.

(e): The Government is fully seized of the problem of industrial sickness amongst the SSI units and has taken various measures to facilitate timely identification and rehabilitation of potentially viable sick industries, which inter-alia, includes institutional mechanism in the form of State Level Inter Institutional Committees, special rehabilitation cells in banks and State financial institutions and elaborate guidelines issued by the Reserve Bank of India for extending rehabilitation assistance to eligible units. Further, with a view to strengthen the SSI sector and enhance its competitiveness both domestically and globally, the Government has announced a Comprehensive Policy Package which consists of inter-alia enhanced fiscal and credit support, better infrastructural and marketing facilities and incentives for technology upgradation.